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SUBJECT: LABOR UPDATE #2-2003

REF: A. GUATEMALA 537

[B](#). GUATEMALA 571

[C](#). GUATEMALA 555

[D](#). GUATEMALA 511

[E](#). GUATEMALA 414

[F](#). GUATEMALA 221

[G](#). GUATEMALA 191

[1](#)1. (SBU) Summary: The following is an update of significant recent developments in the labor sector. Topics include:

- Teachers Back in School
- Ambassador Raises GSP with GOG
- Ambassador Flags Labor Rights in AmCham Speech
- MOL Coordinating GOG Response to GSP
- GOG CAFTA Team Meeting with Unions/Employers
- GOG Announces Aid to Campesinos
- Labor Snippets (Pepsi, Failing Banks, Employment)

Teachers Back in School, Brother of Teacher Union Murdered

[1](#)2. (U) Teachers returned to class on March 12 after 51 days of work stoppage (Ref A). An accord was reached on March 11 and signed on March 12 by the National Teachers Assembly (ANM) with the GOG after 11 negotiating sessions mediated by Archbishop Quezada Toruno. The accord includes the following: a wage increase of Q150 (\$19.23/month); participation by teachers in 2004 education budget planning; a commitment by the teachers to work an extra hour per day to make up for time lost during the strike (which the labor and appeals courts declared illegal); an increase of annual working hours from 900 to 1000; 22,000 new scholarships for students to defray costs; and creation of a joint committee to discuss the issues of pay for February and disciplinary sanctions against strikers.

[1](#)3. (U) President of Congress Efraim Rios Montt publicly declared that funds for the wage increase would come from the existing education budget, and backed off an earlier pledge by President Portillo and Rios Montt to apply the raise (then at only Q100) to all public and private employees. Meanwhile, teachers celebrated and students returned to class. If implemented, the raise would cost the ministry Q163 million (\$21 million), and brings teachers salaries to a new range, depending on experience, of Q2,032-4,446 (\$260-570)/month. As the strike wore on, President Portillo had threatened to expand the National Program of Self-Management for Educational Development (PRONADE), which provides resources to communities which wish to organize and participate in the management of a new local school, and currently serves 3,648 schools (which operated during the strike) and 310,000 students. Teachers in PRONADE schools are contracted annually and do not receive benefits.

[1](#)4. (SBU) In a meeting with the Ambassador on March 12, Education Minister Mario Torres was upbeat about the accord with the teachers, calling it a "win-win" situation. Torres downplayed the seriousness of the strike action, saying teachers are "prone to strike in the final year of an administration," and that the GOG had successfully averted a strike through negotiations in the previous years of the Portillo Administration. Torres estimated that only 20,000 of the 80,000 public school teachers ever participated in the demonstrations at any one time. (Comment: The timing of this strike cost Torres the chance to run for Congress in November. To do so, he was required by election law to resign his executive branch position in January, six months before the beginning of the campaign period. End Comment.)

[1](#)5. (SBU) Torres said that the GOG is not willing to pay the strikers for the lost month of February. The GOG is also firm about firing 10,000 of the strikers. The minister said

that in response to the strike, the ministry will publicize the fact that GOG spending on education goes well beyond the education ministry budget figure (e.g. school-building under the Social Funds Institute) and is equivalent to nearly 4% of GDP. Teacher-training will continue but classes will be held on Saturdays instead of during the school week. The joint committee to discuss unresolved issues will meet daily and an agreement will be signed only after all issues are negotiated. Torres said that President Portillo will issue a Governmental decree instituting a gradual decentralization strategy to put school management (including hiring) in the hands of parents. (The President did so on March 13.)

16. (U) The 51-day teachers strike reportedly cost the lives of four teachers; three in traffic accidents during marches or mobilizations, one of suicide. Carlos Fuentes, brother of Moises Fuentes, one of the principal strike leaders, was reportedly murdered by unknown assassins in Mazatenango province sometime during the week of March 4. Fuentes told press on March 8 that he was not sure whether his brother's murder had any connection to his participation in the strike. As of March 12, the case had not been transferred to the Special Prosecutor for Crimes Against Unionists. Ambassador Raises GSP with GOG

17. (SBU) On March 11, Ambassador Hamilton raised the need for more vigorous investigation of unresolved crimes against labor leaders with Attorney General de Leon and Minister of Government Reyes Calderon. The Ambassador warned that languishing investigations of violent crimes against labor leaders will come under increasing scrutiny as a decision on GSP petitions looms in mid-April. The GOG must start focusing on specific cases and arresting and prosecuting those responsible. The Ambassador cited the three most recent murder cases (of Carlos Francisco Guzman Lanuza, on November 27, 2002; Baudilio Cermeno Ramirez, on December 21, 2001; and Oswaldo Monzon Lima, in June 2000). Both ministers promised to work together (the National Civil Police are responsible for early stages of an investigation, and the Special Prosecutor for Crimes Against Unionists for the latter, including warrants for arrests) to make progress on cases in the short run. De Leon said he would activate the Public Ministry's Special Prosecutor's office to resolve these cases.

18. (SBU) RefTels B-G report on the Ambassador's meetings with President Portillo on February 25, with Labor Minister Victor Moreira on March 3, the Attorney General on January 23 and February 28, and Economy Minister Ramirez on January 21. In each meeting, the Ambassador raised USG concern over labor rights and the need for the GOG to make additional efforts to respond to GSP petition cases and concerns. The Ambassador will discuss the petitions with AFL-CIO and International Labor Rights Fund representatives on March 24.

Ambassador Cites Importance of Labor Rights in AmCham Speech

19. (U) The Ambassador used the occasion of a public speech before the Guatemala-American Chamber of Commerce on the challenges and opportunities facing Guatemala to highlight the importance of labor rights in the context of negotiations on a U.S.-Central America Free Trade Agreement. Earlier remarks to the press by the Ambassador after he met with Labor Minister Moreira on March 3 were reported the next day in prominent daily "Prensa Libre" under the headline "He Brings Petition for Labor Improvements." Though the reporter misquoted the Ambassador saying "Guatemala continues to violate the right to association" (this conclusion should have been ascribed to the GSP petitions). However, the article accurately stated USG concerns about violence against union leaders and labor rights and gave background information about pending GSP petitions against Guatemala.

MOL Coordinating GOG Response to GSP

10. (U) In an interview televised on March 5, Labor Minister Moreira stated that the USG is concerned about progress on the cases included in GSP petitions. He said the Labor Ministry is seeking the cooperation of the Public Ministry and the judiciary to prepare an official response to the GSP petitions by the end of April. (LabAtt subsequently urged the ministry to complete its report sooner, in time for the April 15 interagency review of GSP petitions.) An officer of the Supreme Court later called LabAtt asking for Spanish text of the GSP petitions, which the MOL later provided.

GOG CAFTA Team Meeting with Labor Sector

11. (SBU) On the trade front, GOG CAFTA negotiator Salomon Cohen invited labor sector representatives (from unions and employer organizations) to a discussion with negotiators on March 12. This is the second such forum since CAFTA talks

began, and is sponsored by AID's regional trade capacity program. Labor Vice Minister Antonio Monzon is currently leading the GOG CAFTA team on labor issues, and attended the session with Cohen. (Note: Luis Fernandez, lawyer for DYMEI Corp., has resigned as GOG CAFTA negotiator for labor issues. End Note.) Homero Fuentes, Guatemala's foremost (pro-union) labor expert, told LabAtt that the session was hampered by low union attendance and a preoccupation with particular union interests. Fuentes said the Danish Aid Council and Friedrich Ebert Foundation will attempt to bring the key labor federations together to focus on the CAFTA negotiation in coming months. A conference of Central American unions (ORIT) will meet in Guatemala the week of March 24 to share views on the CAFTA negotiations.

12. (SBU) CACIF Labor Commission Chief Carlos Arias requested an urgent meeting of the Commission with EconCouns and LabAtt on March 12 to discuss what he perceived as Cohen's intention to "railroad through" an ill-considered plan to establish duplicative forums among the GOG, labor and employer representatives to discuss four labor themes as part of the CAFTA labor talks: 1) child labor, 2) occupational health and safety, 3) freedom of association, and 4) discrimination. EconCouns said that Cohen had told him that his efforts were part of an outreach strategy to labor, not an attempt to put specific labor issues onto the CAFTA negotiating table. LabAtt and EconCouns encouraged CACIF to work with the GOG CAFTA negotiating team to address perceptions of Guatemala's weakness protecting fundamental labor rights. Any CAFTA agreement must include a binding labor clause. The Chile agreement reportedly includes an innovative mechanism to sanction labor rights violators. LabAtt noted that Guatemala still has much work to do to comply with its ILO commitments. Arias said CACIF would support an agreement which binds each member country to enforce its own labor laws and international conventions it is party to, and would also support a mechanism to punish violators rather than sanctioning sectors or countries wholesale, as under GSP.

GOG Announces Aid to Campesinos

13. (U) On February 10 and March 3, campesino groups blocked highways and marched to demand relief for effects of the coffee crisis, and in support of the teachers' strike. On March 10, President Portillo promised Q100 million (\$12.8 million) in response to demands from the Agrarian Platform, the ad-hoc umbrella organization of campesino groups which has been in dialogue with the GOG since last year. Campesino demands include food aid to 50,000 families; additional resources for FONTIERRAS, the government land bank, to purchase land for the landless; a subsidy and program to rent land to campesinos; an end to efforts to dislodge squatters; publication of the names of plantations with labor problems; and support to small and medium-sized coffee producers.

15. (U) In February, the Committee for Campesino Development (CODECA) reported results of a survey of 7,507 workers on 86 coffee, sugar, rubber, ranch and banana plantations showing that only 13% of these workers received the legally-mandated minimum wage (\$4.00/day) or more. The lowest-paid twenty percent of the workers received less than \$2.50/day. Coffee and sugar producers complained in February of the lack of workers in Guatemala, who are increasingly seeking better wages across the border in Mexico. (In Mexico, a worker is paid up to \$5 for 100 pounds of coffee beans picked, while in Guatemala the rate is closer to \$2.50.) In addition to increased emigration, press reported that many coffee pickers stayed home this harvest season falsely expecting payment for their services as members of the civil self defense patrols during the 36-year internal conflict. Coffee sector employment declined from 655,267 in the 1999/2000 harvest to 588,332 in 2000/2001, and was only 463,859 this year.

Labor Snippets

16. (U) FESTRAS, the sectoral union for beverage workers, has appealed for international solidarity in support of its efforts to compel collective bargaining at Pepsi's local bottler, Mariposa. Unlike at Coke's bottler, which is 90% unionized and recently reached a new collective bargaining agreement with its union, Mariposa's rate of unionization is less than 5%. The labor code requires 25% union membership to compel collective bargaining. FESTRAS argued (and lost in court) that the 25% membership requirement should not apply in companies which had entered into previous collective bargaining agreements. It also believes that Mariposa fired 100 workers in 2002 to rid itself of unionized workers. Mariposa management denied this allegation and told LabAtt that the reduction was due to closure of a line of production (of mostly non-unionized workers) due to efficiencies in its plastic bottling line. Mariposa executives refuse to meet with FESTRAS (but have met with Mariposa's own (weak) union) and believe a conspiracy exists to discredit Mariposa

supported by Coke and the local beer monopoly, which is resisting Mariposa's diversification into beer production.

¶17. (U) Employment Figures: Newly-released survey data from the National Institute of Statistics from May-June 2002 shows that of the population aged 10 and above (8,089,785), 59% are employed, 10% are unemployed, and 9.1% are under-employed.

¶18. (U) Failing Banks and Labor Strife: Reynaldo Gonzalez, Secretary General of the Bank Workers Union (FESEBS) and

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leaders of union of workers of the National Mortgage Bank told LabAtt on March 11 that despite reinstallation orders from the courts, bank management has refused to reinstate two illegally-fired workers. Bank lawyers are fighting similar legal petitions for 150 others who were illegally fired, according to the union. Union members believe the illegal firings under the guise of streamlining (CHN is absorbing other failing banks) are intended to reduce union membership.

This case is one of those highlighted in the AFL-CIO GSP petition.

HAMILTON